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Mexico

Planting Seeds

Annual Report

2006

Approved by:

Suzanne E. Heinen
U.S. Embassy Mexico City

Prepared by:

Sal Trejo

Report Highlights:

Total Mexican planting seed imports totaled \$372.5 million in CY 2005, down 12 percent from CY2004. Despite the overall decrease, imports from the U.S. increased to \$236.6 million, or 65.5 percent of total imports. The United States will likely continue to be Mexico's primary source of imported seeds for sowing in the coming years.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
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Planting Seed Situation and Outlook: Worldwide Mexican planting seed imports totaled \$372.5 million in CY 2005, down 13.6 percent from CY 2004. However, U.S. planting seed exporters captured an increased share (63.5 percent) of Mexico's seed imports, exporting \$236.6 million worth of planting seeds to Mexico. Mexico's exports of planting seeds increased by 3.8 percent from the previous year's exports, reaching US\$109.5 million in CY 2005.

Throughout the past year and during the first half of the current year, concerns about product development through the use of biotechnology have received wide coverage in the Mexican media. The press reports and opposing international groups have led to consumer and market-driven campaigns against biotechnology enhanced foods and crops.

Nevertheless, Mexico is expected to remain an attractive market for U.S. seed exports in the short and medium term. Maintaining U.S. current export levels to Mexico will require staying ahead of competitors in terms of developing and introducing new varieties that solve agronomic problems found in Mexico.

Production

Statistical information for domestic production of seeds is not available. However, the focus of Mexican seed trade business continues to be on export marketing and international operations. The Mexican seed industry is made up of individual farmers, large multinational companies, national private seed companies, national public research and seed production organizations such as INIFAP, and international agricultural research centers such as CIMMYT (The International Maize and Wheat Improvement Center). Additionally, private companies can participate in any phase of the seed industry from seed production and conditioning to seed marketing and distribution.

Mexican planting seed production covers 24 different species of cereals, vegetables, leguminous for grains and grass seeds for pastures. Current production information available from SAGARPA indicates the largest volume of certified planting seed production in Mexico in decreasing order is: wheat, corn, barley, potato, chickpeas, rice, grain sorghum, oats, beans, safflower and soybeans. In addition to these, Mexico produces seeds for chili, red tomatoes, green tomatoes and other vegetables of high commercial value. However, according to SAGARPA a large portion of planting seeds are not accounted for from small and medium sized farmers who separate a certain amount of product from their annual harvests to use as planting seed for the following year.

Climatic conditions throughout Mexico's northern farming regions tend to impact planting seed demand from farmers, especially those from areas that have traditionally been planted to vegetables and other water intensive crops. Many farmers have changed over to crops requiring less irrigation and this seems to be the current tendency for this dry region of Mexico.

Trade

Worldwide Mexican planting seed imports totaled \$372.5 million in CY 2005, down 13.6 percent from CY 2004. In quantity terms, CY 2005 imports dropped 47.2 percent from the previous year's total of 561,860 metric tons due to decreased demand for field crop seeds. According to information from the Mexican Planting Seed Association (AMSAC), this decrease was fueled by the on-and-off drought conditions in the northern and central states of Mexico, motivating many farmers to plant their lands to other crops that required less water, dropping demand for imported field crop seeds. In total field crop seed imports dropped 51 percent in value and 65 percent in volume. For example, the quantity of durum wheat seed

imports decreased 43.38 percent while imports of oat seeds decreased 41.27 percent. However, imports of grass seeds, leguminous seeds, 'other' forage seeds, and 'other' vegetable seeds increased, recovering some of the overall loss in both value and volume of trade.

The U.S. was Mexico's primary source of imported seeds for sowing in CY 2004. U.S. seed exporters captured 63.5 percent of the Mexican seed market in value terms in CY 2005, up from a market share of 45 percent in CY 2004. Despite the decline in overall exports, the value of U.S. shipments exported to Mexico grew 22.9 percent from the previous year to \$236.6 million in CY 2005, as shipments of field crop seeds, mainly from Canada, were replaced by increased sales of U.S. imports in nearly all of the other seed varieties.

There was an increase of 3.8 percent in the total value of planting seeds exported by Mexico in CY 2005 to \$109.5 million due largely to an increase in 'leguminous' seed trade. However, the increase was tempered by a drop in export volume of 'other vegetable' seeds, as some of Mexico's agricultural programs required additional quantities of seeds; thereby reducing quantity of seeds available for exports.

Policy

In broad terms, Mexico's seed policy requires that domestic or imported seed sales and seeds exported from Mexico conform to prescribed standards, and meet marketing, labeling and packaging requirements. All seed sold in Mexico for most crops, whether locally produced or imported, must come from a registered variety. Only seed that has gone through Mexico's established grading system may be sold by variety name. Limiting access to the market for seed that does not conform to these provisions helps to preserve attractive price levels.

A proposed bill concerning planting seeds (LAW FOR PROTECTING AND DEVELOPING SEEDS) was submitted for approval to the Agricultural Committee in the Mexican Lower House who then voted and approved the proposed law on April 28, 2005. Thereafter, the proposed bill was sent to the Mexican Senate, where it was further reviewed and modified by the Senate's Agricultural and Legislative Studies Committees. The proposed law is currently titled FEDERAL LAW FOR PRODUCTION, CERTIFICATION AND SEED TRADE and was returned to the Lower House on April 20, 2006, where it awaits further review and/or approval. In its current form, the proposed law is calling for a modern legal framework that would:

- Take into account all types of seeds, not only those that are subject to an external process of qualification and certification.
- Strengthen seed trade regulation to assure farmers of the quality of seeds purchased.
- Mandate the establishment of the National Seed System as a coordinating mechanism and a Fund for Support and Incentives as its financial instrument.
- Clearly define the objectives that have to be considered in applicable seed policy matters.
- Establish catalogues that offer the possibility of registering varieties of common use allowing for official written evidence of native or traditional varieties to promote their conservation.
- Harmonize the seed qualification process and assign categories in accordance with international standards that can offer guarantees to end-users and open market possibilities in seed trade.
- Relate provisions within the valid legal framework in a harmonized manner and lay out elements that offer long-term perspectives (intellectual property, biosecurity, phylogenetic resources)

- Strengthen the role of the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) in matters of vigilance and compliance with the law.
- Grant flexibility to perform and develop applied scientific investigation.
- Promote the concept of qualification and quality of seeds according to their characteristics.
- Fortify the standards and technical elements for the varietal characterization and the qualification of seed characteristics.
- Allow for the creation of Regional or State Seed Committees to promote participation and adoption of new and improved technologies.
- Expand the management of fines for infractions of legal provisions, thus helping with the organization of seed trade, a principal demand from the sector.
- Establish the terms for issuing the budgeting rules and regulations to comply with the provisions of the law.

Mexican phytosanitary regulations on seed imports do not constitute a significant impediment to seed trade with Mexico. Mexico subscribes to the International Convention on the Protection of New Plant Varieties and newly registered seed varieties are protected under Mexico's Federal Plant Variety Law.

Marketing

Biotechnology is expected to drive the Mexican seed market in the future. The evolving regulatory environment for biotech seed and their crops will affect variety approval and marketing prospects, and U.S. exporters should keep abreast of Mexican regulatory developments. As consumer choice expands, consumer education about variety characteristics will also play an important role in marketing seed. (See Mexico Biotechnology Annual Report: MX6052).

U.S. seed exporters, new to the Mexican market, are encouraged to contact the following trade organizations for further information.

TRADE ORGANIZATIONS	
THE U.S. AGRICULTURAL TRADE OFFICE (ATO) BRUCE ZANIN, DIRECTOR JAIME BALMES NO. 8 - 2 ND . FLOOR 11510 MEXICO, D.F. PH. (525) 280-5291/5276; FAX. (525) 281-6093	
MEXICAN ASSOCIATION OF SEED TRADERS (AMSAC) OLGA CECILIA TREVINO DE LA GARZA PRESIDENT AV. NUEVO LEON #209 – 601 AND 602 COL. HIPODROMO CONDESA MEXICO, D.F. PH. (525) 5516-0293; FAX. (525) 5272-1775	
NATIONAL INSTITUTE OF FORESTRY, AGRICULTURE AND LIVESTOCK INVESTIGATIONS (INIFAP) SERAPIO RENDON # 83 COL. SAN RAFAEL MEXICO, D.F. CONTACT: JOSE DE JESUS MOLINA PH. (525) 5140-1616; FAX. (525) 5546-1150	
NATIONAL SERVICE INSPECTION AND CERTIFICATION OF SEEDS (SNICS)	

AV. PRESIDENTE JUAREZ #13
 COL. EL CORTIJO
 TLALNEPANTLA, ESTADO DE MEXICO
 CONTACT: ENRIQUETA MOLINA MACIAS
www.sagarpa.gob.mx/Snics

Statistical Tables

MEXICAN TOTAL SEED IMPORTS						
Seed Group	Quantity (Metric Tons)			Value (US \$ 000)		
	2004	2005	2006 *	2004	2005	2006 *
Field Crop Seeds	436,121	152,522	5,905	179,225	87,863	15,155
Grass Seeds	29,872	35,123	11,796	34,858	45,814	22,438
Leguminous Seeds	63,114	70,186	29,020	33,812	38,423	14,472
Other Forage Seeds	31,714	37,595	12,413	45,013	59,771	25,054
Other Seeds	3	60	3	15,448	15,755	2,365
Other Vegetable Seeds	1,036	1,228	300	115,079	124,947	20,719
Total	561,860	296,714	59,437	423,435	372,573	100,203

(Source: World Trade Atlas, Mexico Edition, March 2006)

(* Data as of March, 2006)

MEXICAN TOTAL SEED IMPORTS FROM THE UNITED STATES						
Seed Group	Quantity (Metric Tons)			Value (US \$ 000)		
	2004	2005	2006 *	2004	2005	2006 *
Field Crop Seeds	208,007	12,308	43,891	58,254	82,445	16,049
Grass Seeds	27,045	33,436	2,191	31,215	26,813	2,295
Leguminous Seeds	10,377	38,259	6,303	5,371	8,344	3,770
Other Forage Seeds	5,577	32,277	2,808	13,054	15,295	6,558
Other Seeds	704	13	9	4,309	1,804	343
Other Vegetable Seeds	14,089	876	2,493	80,356	101,948	15,293
Total	265,799	117,169	57,695	192,558	236,650	44,308

(Source: Source: World Trade Atlas, Mexico Edition, March 2006)

(* Data as of March, 2006)

FIELD CROP SEEDS						
Imports from:	Quantity (Metric Tons)			Value (US \$ 000)		
	2004	2005	2006*	2004	2005	2006*
The World	436,121	152,522	5,905	179,225	87,863	15,155
U.S.A.	11,603	12,308	4,656	37,122	41,865	13,052
Canada	384,230	137,566	35	127,167	38,792	12
Others	40,288	2,648	1,214	14,936	7,206	2,091

(Source: World Trade Atlas, Mexico Edition, March 2006)

(* Data as of March, 2006)

GRASS SEEDS						
Imports from:	Quantity (Metric Tons)			Value (US \$ 000)		
	2004	2005	2006*	2004	2005	2006*
The World	29,872	35,123	11,796	34,858	45,814	22,438
U.S.A.	28,290	33,436	11,468	28,824	39,696	20,292
Others	1,582	1,687	328	6,034	6,118	2,146

(Source: World Trade Atlas, Mexico Edition, March 2006)

(* Data as of March, 2006)

LEGUMINOUS SEEDS						
Imports from:	Quantity (Metric Tons)			Value (US \$ 000)		
	2004	2005	2006*	2004	2005	2006*
The World	63,114	70,186	28,975	33,812	38,423	14,472
U.S.A.	31,435	38,259	14,531	20,208	24,690	8,400
Canada	31,432	31,238	12,849	13,419	13,306	5,090
Others	247	689	1,595	185	427	982

(Source: World Trade Atlas, Mexico Edition, March 2006)

(* Data as of March, 2006)

OTHER FORAGE SEEDS						
Imports from:	Quantity (Metric Tons)			Value (US \$ 000)		
	2004	2005	2006*	2004	2005	2006*
The World	31,714	37,595	12,413	45,013	59,771	25,054
U.S.A.	29,677	32,277	11,893	37,115	51,126	22,138
Brazil	1,515	1,660	307	5,901	5,931	2,130
Others	522	3,658	213	1,997	2,714	786

(Source: World Trade Atlas, Mexico Edition, March 2006)

(* Data as of March, 2006)

OTHER SEEDS						
Imports from:	Quantity (Metric Tons)			Value (US \$ 000)		
	2004	2005	2006 *	2004	2005	2006 *
The World	3	60	3	15,448	15,755	2,365
U.S.A.	2	13	3	12,408	11,628	1,560
Others	1	47	0	3,040	4,127	805

(Source: World Trade Atlas, Mexico Edition, March 2006)

(* Data as of March, 2006)

OTHER VEGETABLE SEEDS						
Imports from:	Quantity (Metric Tons)			Value (US \$ 000)		
	2004	2005	2006 *	2004	2005	2006 *
The World	1,036	1,228	300	115,079	124,947	20,095.6
U.S.A.	909	876	214	63,388	64,956	10,542
Netherlands	18	17	4	19,022	23,905	3,329
Israel	1	0	0	7,323	7,252	0.624
China	30	175	51	9,309	8,940	1,875
Others	78	160	31	16,037	19,894	4,349

(Source: World Trade Atlas, Mexico Edition, March 2006)

(* Data as of March, 2006)

MEXICAN TOTAL SEED EXPORTS TO THE WORLD						
Seed Group	Quantity (Metric Tons)			Value (US \$ 000)		
	2004	2005	2006 *	2004	2005	2006 *
Field Crop Seeds	5,703	7,026	1,875	6,819	7,733	1,868
Grass Seeds	478	683	104	977	1,336	0.129
Leguminous Seeds	85,124	80,545	13,805	81,344	87,151	21,724
Other Forage Seeds	490	703	104	1,010	1,416	0.129
Other Seeds	184	146	9	3,221	3,523	0.718
Other Vegetable Seeds	609	250	78	12,175	8,374	1,997
Total	92,588	89,353	15,975	105,546	109,533	25,589.9

(Source: World Trade Atlas, Mexico Edition, March 2006)

(* Data as of March, 2006)

MEXICAN TOTAL SEED EXPORTS TO THE UNITED STATES						
Seed Group	Quantity (Metric Tons)			Value (US \$ 000)		
	2004	2005	2006*	2004	2005	2006*
Field Crop Seeds	1,071	3,527	951	0.391	1,895	0.304
Grass Seeds	377	371	102	0.698	0.457	0.109
Leguminous Seeds	13,408	6,991	1,689	10,969	6,205	1,460
Other Forage Seeds	389	391	102	0.731	0.537	0.109
Other Seeds	125	76	9	2,801	2,929	0.592
Other Vegetable Seeds	504	224	77	12,075	8,294	1,946
Total	15,874	11,580	2,930	25,846.8	19,323.9	3,407.1

(Source: Source: World Trade Atlas, Mexico Edition, March 2006)

(* Data as of March, 2006)